

FACT SHEET: SB 887

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NATURAL GAS STORAGE WELLS – REGULATORY REFORM

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THE PROBLEM

On October 23, 2015, an ongoing disaster started with local public health and significant community impacts. That day, a significant leak was discovered from a natural gas storage well in Southern California Gas Company's (SoCal Gas') Aliso Canyon storage facility. Over 3 months later, the well continues to be a major source of methane emissions – likely the single largest point source of greenhouse gas emissions in the state during this time period.

The leak has caused major and unprecedented upheaval in the surrounding Porter Ranch community. Over 2,479 households have relocated (at SoCal Gas' expense) and about 1,500 are in the process of relocation.

The leak has highlighted the need, long acknowledged by the state oil and gas regulator, to update its regulations. The Division of Oil, Gas and Geothermal Resources (DOGGR) in the Department of Conservation has primary regulatory jurisdiction over the 115 oil and gas wells at the facility. The leaking well was originally drilled in 1953 – it is one of 48 that age or older – and numerous reports have raised concerns about the age, operation, maintenance practices and safety of the Aliso Canyon and other gas storage facilities state-wide. There are approximately 415 gas storage wells across the state and over half appear to be over 40 years old.

After an initial “kill” attempt on the leaking well failed, SoCal Gas brought in a contractor to continue efforts to control the well. Additional kill attempts were delayed due to the need to bring in specialized equipment. Nearby residents who reported the leak to the local air quality regulator were told by SoCal Gas for several days that “routine maintenance” was responsible. After multiple weeks of failed well control efforts, DOGGR ordered that a relief well be drilled. Current estimates are that the leak will be controlled using this relief well in February/March 2016.

THE SOLUTION

The safety of the communities surrounding natural gas storage wells must be assured and changes made to ensure a disaster on the scale of Aliso Canyon never happens again. This bill, SB 887, is part of the Senate's comprehensive legislative response.

SB 887 provides a comprehensive framework for the reform of DOGGR's oversight of natural gas storage wells. In particular SB 887 will:

- Set **new minimum standards for natural gas storage wells including annual inspections, mandatory setbacks from homes and schools**, stricter requirements near homes and schools, automatic downhole shutoff systems (i.e. **subsurface safety valves**), regular proactive and quantitative evaluations of well integrity, continuous well operation and air quality monitoring, and limiting production and injection to well tubing only, among others.
- Require the **phase-out of old wells** and require existing wells comply with SB 887's requirements in the future.
- Require DOGGR to approve plans for well maintenance, operating parameters and conditions, air quality monitoring, and leak prevention and response prior to approving or reworking gas storage wells. The **leak prevention and response plan** must include a protocol for public notification of any leak, training, and pre-positioning of response equipment, among other provisions. Preparations for drilling a relief well must start within 24 hours of a significant leak.
- Provide for an independent panel of experts to develop **“best practices” for natural gas storage wells**, and require that DOGGR update all well regulations to reflect the results.
- Require **comprehensive disclosure to DOGGR** of all well-related operations and activities.
- Increase penalties for wasting gas to \$10,000 - \$25,000 per violation per day.

In order to provide **public transparency** and respond to public concerns, SB 887 additionally requires:

- Public review of the location of a natural gas well before DOGGR permits it
- Immediate notification to DOGGR of leaking wells
- DOGGR to post leaking well information and all gas storage well materials online.

SB 887 further:

- provides a private right of action to the public to force enforcement
- Require the Air Resources Board with local air districts and others to develop a comprehensive and continuous air quality monitoring guidelines, including spectral imaging, for natural gas storage facilities.
- Require DOGGR working with health regulators to perform a risk assessment of natural gas storage wells that addresses well age and other important factors.

SB 887 builds upon DOGGR's orders to SoCal Gas and its recently proposed emergency regulations, the Governor's January 6, 2016 State of Emergency Declaration, the South Coast Air Quality Management District's Order of Abatement and the actions of other regulators. SB 887, however, by changing the law and establishing new minimum standards and provisions, goes farther than these orders and regulations do, and serves to prevent future backsliding.